Federal Community Housing Initiative

Reference Guide

Phase 2 (FCHI-2)

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National Housing Strategy

Canada

CMHC SCHL

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Important:

This reference guide is valid from September 1, 2020, until the end of the FCHI-2 program. CMHC may change and improve this document. It's the responsibility of the housing providers to ensure they're using the most recent version, which will be available on the CMHC website for the program: cmhc.ca/fchi, under the "Resources" section.

This document was last changed in June 2026. This new version includes changes to clarify certain information about the program. The guide also has a better format for walking you through the enrolment process. Please review this new version of the Guide to ensure you're aware of the changes.

To ask for a paper copy of this guide, please email the FCHI-2 team at fchi2-iflc2@cmhc-schl.gc.ca.

1. Introduction

1.1 Introduction to the Reference Guide

Canada Mortgage and Housing Corporation (CMHC) has developed this guide to help housing providers that are enrolling in the Federal Community Housing Initiative – Phase 2 (FCHI-2) and housing providers that have an agreement under FCHI-2.

This guide will:

- help housing providers understand the guidelines for the delivery and administration of the program; and
- show housing providers how to properly calculate the rental assistance amounts.

This guide is not part of the FCHI-2 agreement and its schedules. It may be updated by CMHC as often as needed to clarify any program guidelines. Housing providers must ensure they use the most recent version available on the CMHC's FCHI-2 website[1]. If you have a printed version, please ensure that your copy is up to date by comparing its date with the date on page 4 of the online version.

This document is written primarily for housing providers. The information provided in this guide will follow the same order in which a housing provider gives information when enrolling in FCHI-2. Information in grey textboxes are recommendations for housing providers. This document also mentions "CMHC representatives," which means the Agency for Co-operative Housing (Agency). For housing providers whose operating agreements are managed by the Agency, their FCHI-2 agreement would also be managed by them.

As soon as the FCHI-2 agreement takes effect, housing providers must ensure that all the program's guidelines are applied. This includes adjusting the rental assistance as of the effective date of the FCHI-2 agreement.

If there's any conflicting information in the program requirements outlined in the FCHI-2 agreement and this guide, the agreement will take precedence. If the guide doesn't cover a specific subject or scenario, please rely on the policies and guidelines of the organization receiving the funding and ensure the program is administered fairly.

[1] www.cmhc.ca/fchi

1.2 Program overview

FCHI-2 is for community housing providers reaching the end of a federally administered operating agreement.

FCHI-2 isn't an extension of an existing operating agreement. It's also not a continuation of a past program. FCHI-2 is available until March 31, 2028. This means that all agreements under the FCHI-2 will end no later than March 31, 2028. FCHI-2 is a rental assistance program that targets households with a permanent housing need, either those with an occupancy agreement or a lease agreement lasting a minimum of 1 year or as otherwise agreed to by CMHC.

The program also includes a transitional funding stream, that is available for housing providers who are having challenges transitioning to FCHI-2 and whose financial viability is most at risk.

Important:

Please note that it's the responsibility of housing providers, as well as the households, to choose the most beneficial rental assistance option. There are several programs and initiatives whose purpose is to support low-income households. Getting assistance from any of these programs may affect your eligibility for other programs with similar goals.

1.3 Eligibility for housing providers

To be eligible for FCHI-2, you must:

1. Be a housing provider whose federal operating agreement with CMHC has expired or will expire before March 31, 2028.
2. Be a housing provider whose operating agreement with CMHC was or is under one of the following social housing programs:
    - Section 95 (Pre-86) non-profit, co-operative, Urban Native
    - Section 95 (Post-85) non-profit, co-operative, Urban Native
    - Section 95 (Post-85) Index-Linked-Mortgage (ILM) co-operatives
    - Section 27, 61 non-profit and co-operatives
    - Section 26 non-profit or entrepreneur
    - Section 95 Rent Supplement (units currently leased from a private property owner and rented to those in need).

Housing providers are eligible to join FCHI-2 when their federal operating agreement expires. CMHC will identify eligible housing providers and send them an enrolment form, when possible, at least 6 months before the end of the operating agreement they have with CMHC.

Breach of a previous and/or current operating agreement(s) for any CMHC program could affect eligibility for FCHI-2. In this situation, CMHC will advise housing providers on their specific case.

An exception exists for ILM co-operatives where housing providers are eligible for FCHI-2 as soon as the first mortgage has been repaid and federal assistance (for the operating expenses) has stopped being paid.

Note that housing providers who are eligible for FCHI-2 and have a rent supplement agreement, or who have another subsidy agreement with their province or municipality, can submit a request only for units not covered by those other agreements. Once these other agreements have expired, these units may be eligible for FCHI-2.

If you have questions about your eligibility, please contact the FCHI-2 team at fchi2-iflc2@cmhc.ca.

1.4 Funding streams

FCHI-2 has 2 funding streams: 1) rental assistance; and 2) transitional funding.

Rental assistance:

The rental assistance stream is available to housing providers who have low-income tenants. The funding aims to fund the gap between 30% of an assisted household's gross monthly income and the occupancy charge.

The amount of federal rental assistance and number of households assisted is confirmed by CMHC through the FCHI-2 agreement. For more information, please see sections 2-5

Transitional funding:

Transitional funding is available to help cover operating expenses for housing providers who are having challenges transitioning to FCHI-2 from their previous program. It's reserved for housing providers whose financial viability is most at risk. The funding is typically available for up to 24 months. Once the transitional funding ends, the housing provider will continue to receive rental assistance until the end of the FCHI-2 agreement.

Transitional funding is a complement to the rental assistance funding stream. Eligible groups will typically receive funding from both streams at the same time. The analysis for transitional funding is done at the same time as CMHC's analysis for rental assistance. For more information, please see sections 6

1.5 Definitions

The following is a list of the main definitions of this program. Please note the FCHI-2 agreement provides official definitions for additional terminology used in the agreement.

action plan: The plan submitted by a housing provider which demonstrates how the housing provider will progress and strengthen in four areas: social inclusion, financial viability, governance, and asset management.

adjusted rent: Rent indicated on the lease agreement (for households in Quebec) or the full occupancy charge (for households in other provinces) from which certain services are deducted, such as cable services, internet services, etc., as well as the member discount, if applicable. The adjusted rent is used to calculate the amount of rental assistance a household is eligible to receive.

adjusted shelter component: The amount calculated where the shelter component (provided by a Social Assistance Program) is reduced by an amount for included services (other than heat and hot water) that a household is required to pay from its shelter allowance component. The adjusted shelter component is used instead of the shelter component when calculating rental assistance that a household is eligible to receive.

gross household income: The combined total income, before taxes and other deductions, of every person living in a housing unit, excluding any financially dependent individuals.

household: A person or a group of people who live in the same private dwelling and do not have a usual place of residence elsewhere in Canada.

household's share: The difference between the occupancy charge to be paid and the calculated amount of rental assistance, after adjustments. This is the monthly amount that the household will have to pay if it is not over-housed and if the amount exceeds the minimum occupancy charge.

maximum housing charge: The maximum amount that CMHC will use to determine the amount of rental assistance a housing provider is eligible to receive.

minimum occupancy charge: The lowest occupancy charge that a household can pay, which is equal to 25% of the occupancy charge. For the purpose of calculating rental assistance, the higher of household's share or the minimum occupancy charge is to be used.

number of assisted households: The number of households for which rental assistance will be provided. It is based on a needs-based assessment of the details provided by the housing provider and a prioritization assessment completed by CMHC. It is noted in Schedule B of the FCHI-2 agreement.

National Occupancy Standard: Used to determine the number of bedrooms required in a unit based on the number of people living in the unit.

occupancy charge: The monthly charge for a housing unit without excluding any subsidies or rebates. Also known as the full occupancy charge.

over-housing: A situation in which a household is living in a unit where the number of bedrooms in the unit is greater than the number of bedrooms required according to the National Occupancy Standard. The term "over-housed" means the same thing.

over-housing charge: The difference between the occupancy charge for the dwelling that a household currently lives in and the occupancy charge for the dwelling for which they are eligible. Please see section 4.3 for details.

reference period: Period of time determined by the housing provider (maximum of 12 months) during which the rental assistance calculations will be effective (see section 4.5 for more information).

rental assistance amount: The total financial assistance the housing provider receives for all households. It is based on a needs-based assessment of the details provided by the housing provider and a prioritization assessment done by CMHC. This amount is noted in Schedule B of the FCHI-2 agreement.

Rental Assistance Request Table (Annex): The form to be completed to enroll in the program or to request a change to the amount of rental assistance being provided. The information will be used to assess the housing provider's needs for rental assistance, including the amount of rental assistance and number of assisted households.

rent-geared-to-income (RGI): The monthly gross household income multiplied by the rent-geared-to-income level (between 25% and 30%), as determined by the housing provider. The RGI is used in the rental assistance calculation.

Request for Rental Assistance – Declaration: The form that must be completed at the initial request for rental assistance, when there are changes to household composition or gross household income (please see sections 4.2 & 4.6), or at least annually thereafter by households receiving rental assistance.

shelter component: In some provinces, the portion of social assistance allowance allocated for housing-related expenses.

transitional funding amount: The amount of assistance paid under Schedule "F", if applicable.

1.6 Overview of responsibilities

The following is a high-level overview of the responsibilities of both households and housing providers.

Household:

- Provide true and accurate income information for all members of the household to the housing provider, including all proof of income required.
- Ensure no rental assistance or other funding for the same purpose is received.
- Immediately notify the housing provider of changes to either the household composition or household income.
- Provide a signed Request for Rental Assistance – Declaration form when requesting rental assistance for the first time, when there are changes to the household (please see section 4.5) or at least every 12 months, along with any other supporting documents required to confirm eligibility.

Housing provider:

- Gather the signed Request for Rental Assistance – Declaration form from households, along with supporting documents as required and at least every 12 months.
- Collect and securely store personal information about the household on file for 7 years.
- Ensure households enrolling in FCHI-2 demonstrate a need at 30% rent-geared-to-income level (RGI) using the Rental Assistance Calculation Worksheet (available on the FCHI-2 website[2]).
- Calculate rental assistance amounts for households when they enrol and when the household experiences changes to their household composition, household income or occupancy charges.
- Establish an RGI level and ensure the same RGI level is applied to all households receiving rental assistance.
- Ensure all households, whether receiving assistance or not, are given the same privileges.
- Submit the following documents to CMHC or the Agency:
  - Annual reports on the use of FCHI-2 funds received.
  - Audited financial statements annually within 4 months of your fiscal year end.
  - An action plan within 12 months of the effective date of your FCHI-2 agreement
  - Annual report on the results of your achievements of milestones set out in the action plan.
- Ensure to uphold the terms and reporting requirements of the FCHI-2 agreement.
- Stay aware of changes in regulations and laws impacting your organization and tenants, as well as the most recent FCHI-2 guidelines and tools available on the FCHI-2 website[3].

Please note this is not a comprehensive list of all responsibilities. Please review this document and the FCHI-2 agreement.

[2] www.cmhc.ca/fchi

[3] www.cmhc.ca/fchi

Recommendation:

To ensure consistent treatment of assisted households, we recommend that the housing provider adopt or update as necessary a subsidy-administration policy that is shared with tenants and clearly sets out its practices in managing the program.

2. Applying for Rental Assistance

2.1 Enrolment Form

Housing providers will receive an enrolment form, when possible, at least 6 months before the end of their eligible operating agreement. Housing providers will need to determine whether they want to apply for FCHI-2 and whether there are households who need assistance.

If a housing provider chooses to apply for FCHI-2, all the required documents need to be submitted by the deadline provided by CMHC. If you have any difficulty completing the enrolment form or have any questions, please contact the FCHI-2 team (fchi2-iflc2@cmhc.ca).

Important:

If a housing provider chooses to not join FCHI-2 at their original eligibility date but wants to join later because of changes in need, they may be eligible to join FCHI-2. Please see section 5.2 for details.

In cases where a housing provider's expiring operating agreement with CMHC ended more than 12 months ago, CMHC will ask for additional documents to confirm that the housing provider's status is active and that the housing provider meets its legal obligations (for example, financial statements for the last fiscal year, proof of the organization's registration).

2.2 Determining eligible households

Household eligibility is determined by 3 main criteria: household composition, household income, and occupancy charge. To get rental assistance, a household must demonstrate that they spend more than 30% of their gross income on housing.

The household must have:

- at least 1 occupant who is 18 years or older or otherwise emancipated in accordance with applicable laws
- all household members must be entitled to live in Canada
- the dwelling must be the primary residence of all the occupants (except for children in shared custody situations)

Households will not be eligible for FCHI-2 rental assistance if they receive rental assistance from another source. If the household under FCHI-2 were to also receive any funding for rental assistance (municipal, provincial, federal, or other), the household would have to repay the FCHI-2 rental assistance received.

Household composition

A household can consist of several types of occupants:

- A person living alone
- A person and spouse (of each family in the household, if the household is formed by more than one family)
- Any parent living with a child or any person legally responsible for a child
- Any relatives sharing a housing unit
- Any unrelated persons sharing a housing unit
- Any current signatories to the lease or occupancy agreement

Household income

The included sources of income of all household occupants must be considered and totaled for the purposes of calculating rental assistance. The gross amounts, meaning the amounts before all tax or other deductions (of all eligible household income), must be considered.

The total gross household income is equal to the sum of the following income items:

- Employment earnings and income (including pensions and employment benefits)
- Investment income
- Other cash income

For more information on the income to include or exclude, please see section 11

Occupancy charge

The occupancy charge (also knowns as "full occupancy charge") is the monthly charge for a housing unit. This would not include any subsidies or rebates offered by the housing provider.

2.3 Rental Assistance Request Table (Annex)

Using the information collected from households, housing providers need to complete the Rental Assistance Request Table (Annex), which should include all eligible households, including those on a waitlist, for which the housing provider would like to request rental assistance.

For more information on how to complete the Rental Assistance Request Table (Annex), please contact the FCHI-2 team at fchi2-iflc2@cmhc.ca

3. Assessment of Rental Assistance

Using information submitted by the housing provider, CMHC will complete a needs and prioritization assessment and consider other applicable adjustments to determine the amount of rental assistance a housing provider is eligible to receive.

3.1 Rent-geared-to-income (RGI) level

Housing providers have the option to determine an RGI level between 25% and 30% that they will use to distribute rental assistance to eligible households. To calculate the amount of rental assistance a housing provider is eligible to receive, CMHC typically uses an RGI level of 28%.

3.2 Maximum housing charge

There is no maximum that a housing provider can charge tenants for rent. However, to ensure that the program is being run according to its intent, if CMHC determines the occupancy charge to be unaffordable, for the purpose of calculating the amount of rental assistance a housing provider is eligible to receive, CMHC will use an affordable rent, based on CMHC's applicable rental market data on CMHC's Housing Market Information Portal[4].

3.3 Minimum number of assisted households

Under the program, the number of assisted households may not be less than 1. This is the minimum number of households needed to be eligible to receive rental assistance and to maintain an effective FCHI-2 agreement.

Important:

If the number of assisted households is 0 for a period of 24 months or more, CMHC reserves the right to terminate the FCHI-2 agreement. The housing provider may still apply again for the program at a later date, when they become aware of an eligible household. However, approval of assistance will depend on the program budget available, as well as a needs-based assessment and a prioritization assessment completed by CMHC.

3.4 Minimum occupancy charge

The minimum occupancy charge is the minimum amount a household will have to pay for a unit without services. For details on the calculation of minimum occupancy charge, please see section 4.3

3.5 Amount of rental assistance and number of assisted households

Under the program, CMHC agrees to provide rental assistance to a certain number of households, which is effective for the duration of the FCHI-2 agreement provided that the terms and conditions of the agreement are respected and rental assistance is required. The number of assisted households appears in Schedule B of the agreement.

Note: 1 household refers to 12 months of rental assistance. Therefore, 2 households subsidized for 6 months each during the year (2 households × 6 months = 12 months) equals 1 household (1 household × 12 months = 12 months).

3.6 Project addresses

Under the program, funds are not tied to a specific household. Housing providers can provide rental assistance to any household living at any of the addresses in the project. Eligible project addresses appear in Schedule B of the FCHI-2 agreement.

[4] http://www.cmhc.ca/hmiportal

Good to know!

Some projects may have multiple phases with different eligibility dates for entering FCHI-2. If a housing provider already has an FCHI-2 agreement and has additional needs for later phases, Schedule B of the FCHI-2 agreement will be updated to include the new number of assisted households, the new amount of rental assistance and the new addresses.

4. Disbursing Rental Assistance

The housing provider receives the total rental assistance indicated in Schedule B of the FCHI-2 agreement, which is to be managed as a budget envelope.

The housing provider can divide the funds up among the low-income households demonstrating a need at an RGI level of 30%, as long as the households live in one of the addresses identified in Schedule B of the agreement and the program directives are being met.

Without limiting itself to the number of households, the housing provider could offer the entire amount paid by CMHC to a lower or higher number of households and adjust the RGI level based on the current household needs.

Please note any unused funds will need to be repaid at the end of the fiscal year.

4.1 Selecting a Rent-geared-to-income (RGI) Level

The housing provider must select an RGI level between 25% and 30%. The RGI is calculated by multiplying the RGI level by the monthly gross household income.

Housing providers are allowed to change the RGI level during the fiscal year, but they will need to apply the change retroactively to the beginning of the fiscal year (so that only 1 RGI level is used for the entire fiscal year).

Only 1 RGI level can be applied to a housing provider's fiscal year, and the RGI level must be the same for all households assisted throughout the fiscal year. While only 1 RGI level can be used during a fiscal year, the RGI level may vary from 1 fiscal year to another.

If the FCHI-2 funding isn't enough, housing providers can supplement from their own funds, as long as the RGI level remains the same throughout the fiscal year for households receiving FCHI-2 rental assistance.

Example:

If a housing provider applies an RGI level of 30% and a household has a monthly gross income of $2,200, the RGI calculation would be $2,200 × 30% = $660.

Example:

A housing provider whose fiscal year is from January 1st to December 31st starts their fiscal year using an RGI level of 30%. In April, they choose to lower the RGI level to 28%. Because only 1 RGI level is allowed during a fiscal year, the housing provider needs to recalculate the amount of rental assistance a household is eligible to receive based on an RGI level of 28% retroactively, starting on January 1st.

Recommendation:

To ensure that a housing provider has enough funds to meet the needs of households, we recommend that the housing provider begin their fiscal year using a higher RGI level, and then lower it, if funds remain.

Also, we recommend that the calculations be verified near the end of the housing provider's fiscal year, so that retroactive corrections are included in the same fiscal year, to ensure better monitoring.

4.2 Determining eligibility

At the initial request for rental assistance, when there are changes to household composition, gross household income or occupancy charges (please see section 4.5), and at least once a year, a household must complete a Request for Rental Assistance – Declaration. This form as well as any supporting information will be used to calculate rental assistance.

Request for Rental Assistance – Declaration

To check if a household is eligible for rental assistance, the housing provider will be responsible for gathering proof of household composition and income at the time of initial application and at least annually, in addition to collecting the completed and signed Request for Rental Assistance – Declaration form. This form is available on the CMHC's FCHI-2 website[5].

In this form, the household must sign a declaration confirming that the information given to the housing provider, for the purpose of calculating the amount of rental assistance to which it is entitled, is true and complete and that any change in the household's composition or income (increases or decreases), will be communicated to the housing provider immediately.

As mentioned in the Request for Rental Assistance – Declaration form, the housing provider has the responsibility of informing the assisted household that information contained in their files related to their request for rental assistance will be treated confidentially and stored in a safe and secure space.

The housing provider must keep on file all documents received from households that demonstrate their eligibility. Although this information is not regularly submitted to CMHC or the Agency, the documents should be held on file for 7 years. Please see section 4.6 for more details.

Important:

The housing provider must also inform the assisted households of the FCHI-2 program guidelines, the reporting requirements, the responsibilities of the households and the federal investment in their housing. The housing provider may offer the household a period of up to 4 months to collect all the documents necessary to renew their rental assistance application. After this period, if the household has not provided all the requested documents, the rental assistance will end, and the amount paid during that period will have to be reimbursed.

Proof of occupancy

Through the Request for Rental Assistance – Declaration form, households must give the housing provider the following information:

- The names of all occupants and the relationships between them. This information is also needed to determine the occupants' dependency (please see section 2.2). It will also be needed to determine if the household is over-housed (please see section 4.3).
- The age of the children and students. This is necessary to establish exceptions involving the incomes of students.
- Proof of attendance at an educational institution must be provided for children aged 18 to 26.

Any adult whose name does not appear in the Request for Rental Assistance – Declaration form may not live in the dwelling.

[5] www.cmhc.ca/fchi

Proof of income

All members of the household, except those identified as financially dependent, must submit sufficient proof of their current income. Note that any income paid retroactively must be considered as paid in the year it was received. Proof of income must be given to the housing provider, who will keep it in a file dedicated to the household. If necessary, proof of income may be verified by CMHC or its representative.

Please see section 11 for more information on eligible and ineligible income as well as sufficient proof for the main types of income.

4.3 Calculating rental assistance

Utilities

For the purposes of calculating rental assistance, heating and hot water services are considered to be included in the rent. This means that, if the rent includes these services, no adjustment will be made to the RGI. However, if the costs of heating and hot water are not included, an amount for these services must be deducted from the RGI.

Other services, such as electricity, rental appliances, etc., are not subsidized services. Please see Adjusted rent in the following section.

CMHC determines and makes available the amounts related to services based on dwelling size, type of housing and regions/provinces to be used when calculating the adjustments relating to services. In their annual calculations, housing providers must be sure to use the most recent utility allowances available on the CMHC website. The utility allowances can be found in the Rental Assistance Calculation Worksheet available on the website FCHI-2 website[6]. Please refer to the website for information on the frequency of these updates.

In the case of service fees for which CMHC has provided no amounts, the housing provider must determine a fair and equitable amount for these services.

Good to know!

If there are multiple energy sources, consider the energy source used for heating when completing the Rental Assistance Calculation Worksheet.

Adjusted rent

Adjusted rent is an important concept in the calculation of rental assistance. The adjusted rent is the full occupancy charge (rent indicated on the lease agreement) from which costs related to certain services that may be included, depending on the situation of each housing provider, are subtracted.

In determining the adjusted rent, the services to be subtracted from the lease agreement or full occupancy charge include, but are not limited to, the following:

- cable service
- Internet service
- parking
- equipment rental (washer, dryer, refrigerator, oven, air conditioning, etc., but not water heater rental)

The costs of renting water heaters should not be subtracted from the rent amount, since they are closely related to hot water services.

Electricity, heating, and hot water services must not be deducted from the occupancy charge (rent). The adjustment for these services will be made to the RGI.

Important:

For the Quebec region, the amount of rental assistance is calculated using the rent indicated on the lease agreement minus the member discount, even if the household is not a member of the cooperative. In order to be fair, the member discounts must be deducted from the rent for all households occupying a unit in a cooperative where a member discount is in effect.

[6] www.cmhc.ca/fchi

Minimum occupancy charge

The minimum occupancy charge is the minimum amount a household will have to pay for a unit without services.

To calculate the minimum occupancy charge, we use the full occupancy charge (from the lease agreement) from which we subtract the allowances determined by CMHC each year for electricity (if included in the full occupancy charge) and for heat and hot water (even if not included in the full occupancy charge). We will also deduct the member discount, where the household is entitled (Quebec only), and other services that may be included in the full occupancy charge for an amount not exceeding 20% of the full occupancy charge. This result will be multiplied by 25% to get the minimum occupancy charge.

The minimum occupancy charge will be payable if the calculated household share is less than the minimum occupancy charge. To further clarify, in the example below, if the household had a monthly income of $0, the minimum occupancy charge (amount the household would have to pay) is $185 per month.

Example: Housing provider located in outside of Quebec.

- Occupancy charge (lease agreement): $900
- Electricity included: $60 (allowance)
- Heat and hot water allowance: $100

Adjusted rent = $900 - $60 - $100 = $740

Minimum occupancy charge = $740 × 25% = $185

Example: Housing provider located in Quebec.

- Occupancy charge (lease agreement): $850
- Member discount: $150
- Electricity included: $26 (allowance)
- Heat and hot water allowance: $50

Adjusted rent = $850 - $150 - $26 - $50 = $624

Minimum occupancy charge = $624 × 25 % = $156

The minimum occupancy charge will be payable if the calculated household share is less than the minimum occupancy charge. To further clarify, in the previous example, if the household in Quebec had a monthly income of $0, the minimum occupancy charge (amount the household would have to pay) would be $156 per month.

Occupancy standards

Suitable housing has enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard requirements. Enough bedrooms based on National Occupancy Standard requirements means 1 bedroom for each:

- cohabiting adult couple;
- unattached household member 18 years of age or over;
- same-sex pair of children under age 18;
- additional boy or girl in the family, unless there are 2 opposite-sex children under 5 years of age, in which case they are expected to share a bedroom.

A household of 1 individual can occupy a bachelor unit, (a unit with no bedroom).

In summary, the basic rule of the occupancy standard is "minimum 1 occupant per bedroom and maximum 2 occupants per bedroom."

Although CMHC refers to the National Occupancy Standard, housing providers may apply a different standard where warranted, as long as households have no more than 1 bedroom per person. If not, they would be considered in an over-housing situation (please see section 4.3).

Exceptions to the minimum occupancy standard

The following situations illustrate exceptions to the minimum occupancy standard. The housing provider must keep, in the file of the household concerned by any of these exceptions, information and documentation attesting and proving the exception granted.

A. 2 adults living together as spouses may have separate bedrooms in the case of a justified medical condition.

B. A household may also request an additional bedroom to meet the needs of a person in the household living with a disability. In line with the *Canadian Human Rights Act*, there is an adaptation requirement that obliges housing providers to adjust their rules, policies or practices to avoid discrimination. The housing provider must therefore assess the needs brought to its attention and have reasonable proof to justify them. The housing provider must record, in its files, any exception to the minimum occupancy standard, including the reason for the exception.

For example, exceptions may include the use of a second bedroom for:

- storing essential equipment (depending on the disability); or
- providing a bedroom to an individual who is not a household member but who regularly provides care at night, full time, to one of the household members.

C. A parent with joint legal custody of 1 or more children may request the appropriate number of bedrooms for them as long as the parent provides satisfactory proof of the custody agreement.

D. A parent who does not have legal custody of his/her child(ren) but can provide the housing provider with satisfactory proof of the right to visit, may request 1 or more additional bedrooms if he/she must host the child(ren) for the night to exercise or enforce his/her right to visit. A parent who is entrusted with custody of 1 or more children by a court order may request an extra bedroom. A certified copy of the order must be given to the housing provider.

E. A pregnant woman may request a dwelling with an additional bedroom provided she supply medical confirmation of her pregnancy.

F. A household preparing to host a child as a foster or adoptive family may request an additional bedroom. The housing provider must receive a document confirming the hosting or adoption.

G. A household, who, for medical reasons, would have great difficulty with a move can remain in the occupied dwelling. Medical reasons can include stress-related disorders. The treating physician must be able to confirm, in a signed document, that the harm caused by the relocation of the occupant would be significant and would have a negative impact on the occupant's health.

Over-housing charge

If a household receiving FCHI-2 rental assistance lives in a unit where the number of bedrooms in the unit (unit type) is greater than the number of bedrooms required under the National Occupancy Standard, the household is considered over-housed. When this occurs, an over-housing charge may be required.

The over-housing charge is equal to the difference between the occupancy charge for the household's current unit type and the occupancy charge for the unit type for which the household is eligible under the National Occupancy Standard.

If no dwelling of a more suitable size is available, the over-housing charge will not be applied.

As soon as a suitable dwelling or a dwelling of a more suitable size is available to an over-housed household, the housing provider must offer that dwelling to the household. The household will have a maximum of 30 days from the date of the letter offering the suitable dwelling to accept or refuse the offer.

A household that accepts the offered dwelling will not be charged any additional amount from the time when the household is over-housed until the time the household moves into the suitable dwelling offered. A household that refuses the offer of a suitable dwelling will not have an over-housing applied for a period of 6 months, starting from the date of the offer from the housing provider. If the household is still living in the dwelling after this period, the additional charge must be added to its household share.

It is important to remember that this additional charge is not part of the lease or occupancy agreement and that the household and the housing provider are responsible for making the necessary arrangements.

Good to know!

If the housing provider has no unit types that match the National Occupancy Standard, the unit of the closest size will be considered the one that applies for the purposes of this policy. For example, a household lives in a 3-bedroom unit and, according to the occupancy standard, the household should be living in a 1-bedroom unit. In this case, if the housing provider only has 2- and 3-bedroom units, the household will live in the 2-bedroom unit without having to pay an over-housing charge.

A household that accepts a housing offer that does not fully meet the National Occupancy Standard may refuse a new, more adequate dwelling offered by its housing provider within the following 24 months without having to pay an over-housing charge. This exception is proposed to avoid the costs associated with frequent moves. If several households are over-housed, the housing provider must adopt an internal policy to determine who they will prioritize when offering housing. This policy must be known to tenants and applied rigorously. We encourage housing providers to have their own internal management policies. Please note CMHC will not interfere with or provide specific guidance regarding housing providers' internal policies.

Recommendation:

When the housing provider joins the FCHI-2 program, we recommend that they don't apply an over-housing charge to a household that's already paying a surcharge under the former CMHC programs if there is no adequate accommodation available. However, the over-housing charge may apply if the household confirms in writing their intention not to move to a more suitable accommodation when one becomes available. The amount of the charge must then follow the guidelines of the FCHI-2 program.

Example: A household lives in a 2-bedroom unit. According to the National Occupancy Standard, the household should be living in a 1-bedroom unit. The housing provider must do the following calculation:

The additional charge = the occupancy charge for the 2-bedroom unit - the occupancy charge for the 1-bedroom unit

When the occupancy charges vary for the same unit size, the housing provider must determine the average occupancy charge. For example, if there are three 1-bedroom units, the housing provider must calculate the average occupancy charge for these 3 units and use it in the formula above.

Example: A household lives in a 2-bedroom unit, and the occupancy charge is $765. According to the National Occupancy Standard, the household should live in a 1-bedroom unit. The 1-bedroom units' occupancy charges are $680, $685 and $700.

Average occupancy charge for 1-bedroom unit:

($680 + $685 + $700) ÷ 3 = $688.33

Calculation of the additional charge:

$765 - $688 = $77

The additional charge is $77.

4.4 Incorrect statement by a household

The household is responsible for providing accurate information related to all parameters of the rental assistance program. As stated in the form Request for Rental Assistance – Declaration, if the information provided to the housing provider was incorrect and led to a miscalculation of rental assistance, the household will be responsible for reimbursing any amounts received in excess.

If a household declares inaccurate income amounts during the year, the rental assistance amounts must be adjusted retroactively at the time of the annual review of the calculation with sufficient supporting documents. This may also require a prior period adjustment depending on the housing provider's fiscal year end. A false declaration can lead to suspension or even termination of rental assistance for this household under the FCHI-2 program, as managed by the housing provider.

4.5 When to recalculate rental assistance for a household

Recommendation:

If a household's gross household income decreases, the housing provider should recalculate the rental assistance to ensure the household's needs are met in a timely manner.

During the reference period (see section 1.5), the housing provider doesn't have to recalculate rental assistance for the household if the change to the monthly income is less than $100 compared to the household monthly income at the initial calculation or the start of the reference period. However, if the change in monthly income becomes $100 or more, the rental assistance for the households will need to be recalculated. This is also valid for any changes to the income provided under social assistance programs (please see section 11.5).

Housing providers must collect a newly completed Request for Rental Assistance – Declaration form and supporting documents from households to recalculate their amount of rental assistance. The form must be updated at least every 12 months.

Recommendation:

To ensure consistent treatment of assisted households in this and other matters, CMHC recommends that the housing provider adopt and publicize a subsidy-administration policy that clearly sets out its practices in managing the program.

Good to know!

If there is a change to the rental assistance calculation during the reference period due to a change in household composition or income, the housing provider may use the same amounts for services as indicated on the Rental Assistance Calculation Worksheet at the beginning of the reference period. However, if the rental assistance calculation changes because of a change to the occupancy charge, we recommend that the service amounts be updated to the most recent amounts as indicated in the Rental Assistance Calculation Worksheet tool, available on the CMHC's FCHI-2 website[7].

[7] www.cmhc.ca/fchi

Example 1:

Audrey lives alone in her apartment. When her rental assistance is initially calculated, she has an income of $1,000 per month. The following month, her income increases by $50 per month. 6 months later, her income increases by $25 per month, bringing her total income to $1,075, which is a total increase of $75 since her rental assistance was initially calculated. Since the cumulative monthly increase is less than $100, the amount of rental assistance that Audrey receives will not need to be recalculated until the beginning of the next reference period.

Example 2:

Mohammed and Nathalie live together in their apartment. When their rental assistance is initially calculated, they have a combined income of $2,000 per month, with both Mohammed and Nathalie receiving $1,000 per month. The following month, Nathalie's income increases by $75 per month. 6 months later, Mohammed's income increases by $50 per month, bringing their total income to $2,125, which is a total increase of $125 since their rental assistance was initially calculated. Since the cumulative monthly increase is more than $100, the amount of rental assistance that Mohammed and Nathalie receive will need to be recalculated based on a combined income of $2,125.

4.6 Records and confidentiality

Records

The housing provider is responsible for collecting and keeping personal information about the households' eligibility, composition and income sources. These documents may be in electronic or paper form. They must be kept in a secure location and in the strictest confidence for a period not less than 7 years, in accordance with the FCHI-2 agreement signed with CMHC. They must then be disposed of securely.

Files on households receiving rental assistance should contain the documents listed below:

- Copy of the lease or occupancy agreement
- All notices of changes in occupancy charge
- All rental assistance calculations (to be completed in Rental Assistance Calculation Worksheets) and accompanied by verified proof of income
- All Request for Rental Assistance – Declaration forms
- Proof of status in Canada for all household members (if applicable)*
- Documents justifying any exception to the National Occupancy Standards (if applicable)
- Court or other documents concerning agreements about the custody or right to custody of any children (if applicable)
- Documents concerning the status of students (if applicable)
- All other correspondence with the household that may relate to the federal assistance

*The Request for Rental Assistance – Declaration form will include a statutory declaration about the right to live in Canada. If the housing provider has reasonable doubts about the truth of the information reported, proof of Canadian status may be required.

Confidentiality of information

All information given by households to the housing provider is strictly confidential and must be treated as such. It must be disclosed only to its auditor, officers, employees and the housing provider's board of directors, as the case may be, for the purpose of making an application for rental assistance or administering the FCHI-2 program.

All information gathered must be made available to any legitimate authorities that request it, including, as an example, CMHC or CMHC's representatives.

5. Revising the Amount of Rental Assistance or Number of Households Assisted

As mentioned earlier, CMHC agrees to provide a specific amount of rental assistance for a specific number of households for the duration of the FCHI-2 agreement. However, there could be times when changes to these numbers are needed.

5.1 Revision of the amount of rental assistance

When the amount of rental assistance provided by CMHC is no longer enough to apply a 30% RGI level to the calculations of households receiving rental assistance (without exceeding the number of assisted households noted on the schedule B of the FCHI-2 agreement), the amount of rental assistance a housing provider receives can be increased.

Similarly, when the amount of rental assistance provided by CMHC is greater than a housing provider's current needs, the amount of rental assistance a housing provider receives can be decreased. In such situations, the housing provider should contact the FCHI-2 team at fchi2-iflc2@cmhc-schl.gc.ca to request a review of the amount of assistance.

CMHC will give the housing provider forms that will need to be completed. Once updated information is received, CMHC will complete a review to determine the amount of rental assistance needed. If a retroactive adjustment is required, the rental assistance amount will be adjusted to either the date when the needs changed or the beginning of the housing provider's current fiscal year, whichever is most recent. Schedule B of the FCHI-2 agreement will be changed accordingly.

CMHC encourages housing providers to submit their request for a review of the amount of rental assistance as soon as calculations show that the amount of funding received is not enough or exceeds needs.

5.2 Increase or decrease to the number of assisted households

If there is a change in the number of households that need assistance, the housing provider should contact the FCHI-2 team at fchi2-iflc2@cmhc-schl.gc.ca to request a recalculation of rental assistance.

As with a revision to the amount of rental assistance, once the updated information is received, CMHC will complete a review to determine the amount of rental assistance needed. A prioritization assessment may also be required. Once the review is done, if a change is necessary, Schedule B of the FCHI-2 agreement will be changed accordingly.

5.3 Annual reconciliation

An annual reconciliation of funds is completed by CMHC or its representative. If the annual reconciliation shows that the amount of rental assistance received during the previous fiscal year wasn't enough to meet the needs using an RGI level of 30% for the number of households noted on the FCHI-2 agreement, a retroactive top-up may be provided. In the opposite case, if the annual reconciliation shows that not all the rental assistance received was used, unused amounts will need to be reimbursed by the housing provider to CMHC. Please see section 9 for details.

If the annual reconciliation shows that a significant portion of rental assistance is not being used, CMHC may discuss decreasing the number of assisted households and/or the rental assistance amount with the housing provider. However, the decision to reevaluate needs will rest with the housing provider.

6. Transitional Funding

Housing providers who are eligible for transitional funding will be notified by CMHC.

Transitional funding is reserved for housing providers who are having challenges transitioning to the new program from their previous federal operating agreement. The funding is not intended to cover the operational deficit dollar for dollar; instead, it is provided in addition to the rental assistance component and is meant to help with the transition to a rental assistance program. Details on the amount of transitional funding provided will be included in Schedule F of the FCHI-2 agreement. Once the transitional funding ends, the housing provider will continue to receive rental assistance until the end of the FCHI-2 agreement.

Priority is given to housing providers whose financial viability is most at risk if no additional temporary funding for operating expenses is provided. This funding is typically reserved for deep subsidy or urban Indigenous projects.

Note: Housing providers under a multi-phase operating agreement with CMHC who are eligible for transitional funding will be assessed with respect to their needs for transitional funding as well as FCHI-2 rental assistance as each eligible operating agreement expires.

6.1 Calculation of transitional funding assistance

The analysis process for transitional funding is completed along with the analysis process for rental assistance. No additional action is required from the housing provider to be considered for transitional funding.

If the housing provider is eligible for transitional funding, an assessment of needs will be done by reviewing historical financial information, considering eligible costs, sector norms (inflation, for example) and available budget.

If additional documents are required, CMHC will let housing providers know what information will be required and when they will have to submit it.

There is no set maximum per housing provider.

6.2 Eligible and non-eligible costs

The eligible expenses are operating expenses, such as maintenance, utilities, insurance, legal fees and expenses related to the specific needs of housing providers. Other expenses, such as fees for consulting services and professional fees, may be eligible.

Expenses related to development or renovation projects, such as construction and renovation costs, are not eligible. In addition, advances or deposits paid to consultants or professionals for work to be performed in the future are not eligible, nor are expenses related to advertising, promotion, or fundraising.

The above lists are not exhaustive, and determining the eligibility of other types of expenses is at CMHC's sole discretion.

6.3 Duration of funding

Transitional funding is typically calculated based on estimated needs for a period of up to 24 months following the transition date to the FCHI-2 program.

However, at CMHC's sole discretion and on a case-by-case basis, there may be exceptions if a housing provider continues to have significant difficulty beyond the 24-month period. This could be triggered by a request from the housing provider. Additional documentation may be requested to support the request.

6.4 Disbursement of transitional funding

The frequency of payments is determined by CMHC following the analysis of the housing provider's needs. Payments can be annual or in a single lump sum.

6.5 Review of the transitional funding amount

If a housing provider believes that the amount of transitional funding provided is not enough to meet their needs, or if the estimates used in the calculation are not reflective of actual or expected costs, the housing provider may request a review of the amount of transitional funding provided. At CMHC's sole discretion and on a case-by-case basis, a review of the amount of transitional funding may be granted. Additional documentation to support the request, such as annual budgets, the most recent tax bills, invoices or an explanation for unconventional expenses, may be requested to support the request.

6.6 Annual reporting of transitional funding

The amount of transitional funding received must be reported by the auditor in the housing provider's financial statements. Housing providers are to use the transitional funding as needed to cover operational expenses. Although transitional funding is not reconciled in the same way that rental assistance is reconciled, the funds must be used only for operational expenses.

7. Termination and Breach of Agreement

This section summarizes the conditions under which either party may terminate the FCHI-2 agreement and the rights and obligations of CMHC or its representatives if a breach of the agreement's terms occurs. Full details are found in the Termination and Breach section of your agreement.

Terminating the agreement

Housing providers may request to terminate their agreement at any time by providing 60 days' written notice. To do so, for co-operatives managed by the Agency for Co-operative Housing (Agency), please email info@agency.coop. For all other housing providers, please email GE-AM.adm@cmhc-schl.gc.ca

If the rental assistance amount received has not been disbursed to eligible households for a period of more than 24 months, CMHC may terminate the Agreement providing 60 days' written notice.

Breach of agreement

Housing providers must maintain compliance with their agreement by adhering to its outlined terms and conditions.

If a housing provider commits a breach of their agreement, or if the funding received is used for a purpose other than those allowed under the agreement, CMHC or its representatives will request that the housing provider take remedial action within 30 days. If the housing provider fails to complete the remedial action requested within this timeframe, CMHC or its representatives may: suspend funding until the remedial action is taken or terminate the agreement with an additional 30 days' written notice.

For questions about breach of agreement, co-operatives managed by the Agency for Co-operative Housing (Agency) should contact the Agency (email info@agency.coop). All other housing providers should contact CMHC (email GE-AM.adm@cmhc-schl.gc.ca).

8. Reporting Requirements

To ensure that funding disbursed to housing providers is used according to the program guidelines, housing providers must complete and submit the following 3 documents on an annual basis:

8.1 Annual report on the use of rental assistance

Within 4 months of its fiscal year end, a detailed report on the annual use of federal rental assistance received under the FCHI-2 will be required. Any adjustments for the current fiscal year can be made before the completed audit is submitted.

8.2 Financial statements

In addition, within 4 months of the end of its fiscal year, the housing provider must submit its financial statements, including all accompanying forms. The financial statements must be audited in accordance with Canadian Auditing Standards. These financial statements must be in the format established by CMHC or its representative.

8.3 Action plan

Housing providers must submit a 3-year action plan within 12 months following the effective date of the FCHI-2 agreement. The housing provider must submit an annual update with the results of its achievement of its milestones at the same time as its financial statements. A new action plan must be submitted every 3 years, 4 months before the expiration of the current action plan. Please see to section 10 for more details.

9. Annual Reconciliation of Rental Assistance

The annual reconciliation of rental assistance is the process in which CMHC or its representatives compare the amount of rental assistance paid to a housing provider to the rental assistance amounts the housing provider disbursed to eligible low-income households. This is done by using the information provided annually by housing providers. If any of the information provided is unclear, CMHC or its representative may request additional information to make sure that the calculations were done according to the program's guidelines.

If the amount of rental assistance paid to the housing provider is less than the rental assistance disbursed to households, CMHC may make a retroactive payment to the housing provider. Typically, for a housing provider to be eligible to receive a retroactive payment, the analysis must show that an RGI level of 30% is not enough to provide rental assistance for the number of households listed in the Schedule B. In situations where either an RGI level of less than 30% is used, or when the number of households assisted is more than the number identified in the FCHI-2 agreement, additional assistance will not be provided, and the housing provider must fund the difference using their own funds.

If the amount of rental assistance paid to the housing provider is more than the rental assistance disbursed to households, unused amounts of rental assistance will be reimbursed by the housing provider. This is typically done by reducing the amount of rental assistance a housing provider will receive in future months. If the amount of funds to be reimbursed cannot be collected within 12 months, reimbursement in a lump sum, either by cheque or electronic funds transfer, will be required.

CMHC, or its representative, also reserves the right to seek reimbursement for amounts that have been incorrectly calculated and paid to households.

It should be noted that a household as identified in Schedule B equals 12 months of subsidy. Therefore, a household that received 6 months of rental assistance in a 12-month fiscal year is equal to half (0.5) a household for reconciliation purposes. If the total number of months used in the fiscal year exceeds the total number of months allowed under Schedule B, then the households that need the largest amounts of rental assistance will be prioritized.

10. Action Plan

10.1 Frequency and duration of action plan

The action plan is required throughout the term of the FCHI-2 agreement. Housing providers receiving assistance through FCHI-2 must submit a 3-year action plan within 12 months following the effective date of the agreement.

The housing provider must submit the results of its achievement of its milestones in an annual report filed at the same time as its financial statements. If an action plan milestone is not achieved, the housing provider must identify the corrective action it will take and the time needed to achieve the milestone. The action plan must be updated every 3 years, 4 months before the expiration of the current action plan.

Good to know!

For housing providers who join with less than 3 years remaining until the end of the program, the action plan will only be submitted for the period remaining.

For co-operatives managed by the Agency, action plans need to be submitted through their online system. For all other organizations, the action plan is to be submitted to CMHC (GE-AM.adm@cmhc-schl.gc.ca).

10.2 Progress of action plan

Housing providers are expected to participate actively and in good faith to support strengthening the community housing sector by improving their own long-term operational practices. While the funding under the FCHI-2 agreement is not conditional to the progress demonstrated in the action plan, the action plan must be submitted and kept up to date throughout the term of the FCHI-2 agreement. This allows CMHC or its representative to review progress.

The progress made throughout the agreement will help achieve the program's overall objectives of strengthening and stabilizing community housing and increasing the operational efficiency of housing providers. This provides an opportunity for housing providers to maximize the use of the resources made available to them, for example, programs available through the National Housing Strategy and access to services and funds from the Community Housing Transformation Center[8].

10.3 Content of action plan

To assist housing providers, a template for this annual reporting is available on the FCHI-2 website[9]. The template allows a housing provider to capture goals and associated milestones. It also tracks progress and provides annual updates.

The action plan must demonstrate how the housing provider will progress and strengthen its practices in relation to the 4 areas outlined on the following page. The action plan does not need to cover all areas. Its content should be based on where the housing provider has identified gaps.

[8] https://centre.support/resources/development-self-assessment-tool/

[9] www.cmhc.ca/fchi

1. Governance

Governance refers to the oversight provided by a housing provider's board of directors with the aim of ensuring that the organization remains economically viable and achieves its social mission. A housing provider is well governed when its board fulfils its fiduciary duties, operates in a transparent and accountable manner, and makes sure that effective management is in place.

This can include things like effective decision-making practices, prudent and efficient management of resources and regular updates to procedures (this is a non-exhaustive list).

2. Social inclusion

Social inclusion refers to the process of improving the terms on which individuals and groups engage in the community, improving the ability, opportunity, and dignity of those disadvantaged on the basis of their identity. It is a situation in which individuals have the resources and opportunities to be involved in society to an extent that is satisfactory to them. Working toward social inclusion means finding and using measures to reduce barriers that restrict the resources and opportunities of disadvantaged groups.

This can include barrier-free design, inclusivity to vulnerable groups, mixed-income/tenure models and a dynamic community life (this is a non-exhaustive list).

3. Financial viability

Financial viability refers to the ability for the housing provider to generate enough income to meet its operating expenses and debt commitments and save for future capital needs to maintain housing in good condition.

This can include: adequate rent revenues, financial planning, and operating cost control (this is a non-exhaustive list).

4. Asset management

Asset management refers to the sound practices in place to manage the assets from which the housing provider gets its income.

This can include activities such as member or tenant relations, budgeting, rent setting, filling units in the property, collecting rents and other income, conducting systematic building condition assessments and maintenance programs to ensure units meet minimum health and safety standards and that the housing units and project are in a satisfactory state of repair, planning for and carrying out capital repairs and replacements, and protecting the housing provider's assets against financial loss (this is a non-exhaustive list).

10.4 Review of action plan

After receiving the action plan, CMHC or its representative will review it and contact the housing provider if we have questions or concerns. The achievement of the action plan's milestones will be reviewed annually by CMHC or its representative.

11. Determining Eligible Income

When calculating rental assistance, the income of occupants needs to be taken into consideration. However, not all income should be considered. In addition, depending on how income is earned, the calculation of income may differ. This section provides more information on income used to calculate the rental assistance for FCHI-2.

11.1 Included income

Good to know!

All income earned within and outside of Canada must be included.

Employment earnings and income (including pensions and work annuities)

- Employment earnings and income from gross salary, payment of overtime, tips, commissions, bonuses, vacation bonuses, other bonuses, and other taxable allowances.
- Gross income from self-employment (or a small business) minus the tax deductions provided for by the Canada Revenue Agency, excluding depreciation costs. If the work is done in the household's dwelling, the rent, parking, and utility expenses, included in the operating expenses, must be added to the total income. Childcare expenses are not recognized as an operating expense. For the purposes of the calculation, this income cannot be negative. If it is negative, it is considered to be zero. In this situation, we suggest that the average of the last 3 years be used to estimate the income. Please see section 11.3 for details on proof of income.
- Disability benefits, meaning the short- or long-term disability insurance amounts received on a regular and periodic basis, including any amounts received retroactively. Also included are payments received relating to an occupational accident, an illness or a disability and paid by a workplace health and safety body (excluding lump-sum payments).
- Amounts received from membership in a pension plan of one or more employers. This includes pensions paid to widows/widowers or other relatives of a deceased with pension rights (survivor benefits) as well as annuities and pensions received from Canada, the provinces and/or territories, an insurance company or other sources, pensions received under a registered retirement savings plan (RRSP) in the form of a life annuity, a fixed-term annuity, a registered retirement income fund (RRIF) or an income-averaging annuity contract.
- Amounts received as Employment Insurance (EI) benefits.
- Amounts received under the Canada Emergency Response Benefit during the pandemic.

Investment income

- The interest and dividends received for bank deposits, bonds, debentures, securities, stocks, insurance policies, mortgages, investment securities, or any other type of investment.
- The net rental income from real estate or agricultural property and investment earnings.

Other government transfers

- Amounts received under social assistance programs, including allowances for employment limitations.
- Age-related government benefits, such as the federal Guaranteed Income Supplement program, spousal allowances and income supplements paid by the provinces.
- Government benefits received for a severe and prolonged disability or illness.

Other income

- Amounts received as alimony, separation or maintenance allowances (child support). Alimony or maintenance allowances must be included in the gross annual income even if they are not declared as taxable income. Household occupants who pay alimony or a maintenance allowance can deduct the amount paid from their gross income if they can prove, with supporting documents, the payments to their spouse and/or child.
- Support received from non-household members on a regular basis (excluding monetary gifts).
- Income received for the care of another's children.
- Income received from offering room and board to unrelated people (for example, Airbnb).
- Withdrawals from a registered retirement savings plan (RRSP) or other registered investment fund, including withdrawals from a registered education savings plan (RESP) if they are not used for education.

11.2 Excluded income

The following income must not be included in the calculation of gross household income:

- The income of individuals who are financially dependent on the occupants. These individuals are the following:
  - An individual who is under the age of 26 and attending a recognized learning institution on a full-time basis.
  - A child (under the age of 18), with or without dependents, who is or is not attending a primary, secondary or post-secondary institution as a full-time student.
  - An adult or child with a severe and permanent recognized disability who requires constant and daily care.
- Government transfers designated for a specific purpose, including but not limited to:
  - Canada Child Benefit (CCB)
  - Subsidies paid under a registered education savings plan (RESP) for a child in the household
  - Interest, dividends or other income generated by investments in a registered disability savings plan (RDSP), a tax-free savings account (TFSA) or RESP for a household member
  - Benefits paid to a parent or a guardian for the benefit of a child whose parent is disabled or deceased
  - Special disability allowances paid to a beneficiary as part of a government support program for persons with disabilities
  - Subsidy paid by the Government into a registered disability savings plan (RDSP) established for a household member
  - Payment received under the federal Extraordinary Assistance Plan (Canada)
  - Federal, provincial and territorial family allowances
  - Sales tax credits (provincial and federal taxes, if applicable)
  - Income tax refunds
  - Payment received pursuant to the *Indian Act* (Canada) under a treaty between His Majesty in right of Canada and a band
  - Payment received as a special allowance as part of the Resettlement Assistance Program established under the *Immigration and Refugee Protection Act* (Canada)

- Scholarships and non-repayable bursaries (educational or other)
- Student loans
- Loans
- Allowances for work away from home (including travel) including financial compensations received to cover the costs of volunteer work
- Allowances or subsidies for the payment of childcare services, transportation, tuition fees and academic materials, as well as allowances for living outside of the primary residence paid to participants in employment and skills development programs
- Home-care allowances
- Allowances for children placed in foster care
- Allowances/benefits paid for a child's welfare (including amounts for disabilities)
- Earnings from the sale of personal items
- Capital gains
- Lottery winnings
- Gifts or occasional payments of little value
- Investments that are locked in until retirement
- Refunds of pension plan contributions
- Insurance benefits, such as life insurance reimbursement for care received, medications, etc.
- All inheritances, including living inheritances, and death benefits from the Canada Pension Plan
- Lump-sum settlement from an insurance company
- Lump-sum amounts received from a workplace health and safety body
- Disability benefits if paid in a lump sum (other than the retroactive payment of a periodic benefit)
- Benefits received as a Canadian war veteran
- War service grants
- Amounts awarded by a court (apart from alimony and separation and maintenance allowances)
- Donations received from a religious, charitable or benevolent organization
- Severance pay

11.3 Proof of income

One proof per type of income is usually enough. However, to ensure that all sources of income are accounted for, the housing provider may obtain the most recent Notice of Assessment from the Canada Revenue Agency in addition to proof of income in the following circumstances:

1. Need to confirm income from tips, bonuses, commissions, and/or overtime work.
2. Need to confirm income declared in the past and to make retroactive adjustments for overpayment of rental assistance.
3. Cases where no income was declared.
4. Suspicion of false declaration.

Good to know!

The Notice of Assessment from the Canada Revenue Agency is one of the tools the housing provider may obtain as part of the income confirmation; however, it cannot be the only source of income confirmation, as the information may no longer be current.
The current income must be used when calculating rental assistance to ensure the funding provided to households meets their current needs. Furthermore, the total income presented on the Notice of Assessment may include income that would be excluded for the purposes of calculating rental assistance.

Recommendation:

To ensure transparency, we recommend that the housing provider have a subsidy administration policy that includes a section on the collection and use of the Notice of Assessment.

Type of income	Verification required
Employment income	The most recent pay slips covering a 2-month period and showing the name of the employee, the name and contact information of the employer, the payroll period covered, and the gross income earned. If the tenant has been employed for less than 2 months, an employment confirmation letter providing the same information noted signed by a company officer may be accepted.
Income from self-employment or a small business	Please see section 11.1 for details to determine self-employment income used. We recommend using the average of the 3 most recent years of audited financial statements prepared by a certified auditor or a copy of the 3 most recent notices of assessment and corresponding company income statements, along with all other information needed to calculate business deductions. The proof of income statements (option "C" print) from the Canada Revenue Agency is also acceptable. If the self-employment work is recent, and 3 years of the above-mentioned documents are not available, we recommend requesting the proof of income statement for the past year and projected income for the current year. If this is also not available because the self-employment work is less than 1 year, a solemn declaration of income and expenses forecast for the year will be enough. In both situations, at the end of its fiscal year, the housing provider should confirm with the household the actual income earned in order to make adjustments to the rental assistance amount before closing its fiscal year and submitting the documents to the auditor.
Employment Insurance	An Employment Insurance slip, identifying the recipient, gross income, and payment dates and frequency. Copies of cheques or a detailed deposit notice may be enough.
Benefits	All benefit slips must identify the recipient, gross income, and payment dates and frequency.
Social assistance	A copy of the letter of eligibility or other official document identifying the recipient, the number of beneficiaries and information on the amounts, including shelter components and maximum shelter component, if applicable.
Pension/annuity income	A statement identifying the recipient, gross income, and payment dates and frequency. Copies of cheques or a detailed deposit notice may be enough.
Alimony or other family support income	A copy of the legal agreement, court order, copies of cheques, lawyer's letter, letter from a competent authority identifying the beneficiary, amounts paid, and the payment frequency and dates. A copy of the bank statement, showing the amounts and frequency of payments, accompanied by a letter from the payer may be acceptable documents in the absence of the other proof.

Type of income	Verification required
Interest and earnings	Copies of bank and investment statements identifying the beneficiary, amounts received, and the payment frequency and dates.
Variable Income **(seasonal, commission, temporary employment, etc.)**	The housing provider must use a reasonable and sufficient calculation method to account for these variations throughout the year. The same method must be used for all households in these situations (for example, using an average throughout the year).

11.4 Calculating monthly income based on other payment frequencies

The frequency with which income is received will impact how monthly income is calculated. The following data conversion table will help you determine monthly income when income is received at a frequency other than monthly.

Income frequency	Factor
Annual	Divide by 12
Weekly	Multiply by 4.333
Every 2 weeks	Divide by 2 and multiply by 4.333
Twice a month	Multiply by 2
Daily	Multiply by 21.66

Example: If the household income is $28,000 a year, its monthly income is:

$28,000 ÷ 12 = $2,333.33

Example: If the household income is $800 every 2 weeks, its monthly income is:

$800 ÷ 2 = $400

$400 × 4.333 = $1,733.20

Please see section 11.6 for example calculations.

11.5 Income from social assistance

There are two (2) types of income from social assistance:

- income without an explicit shelter component
- income with an explicit shelter component (applicable in some provinces)

The shelter component (so named) is meant to cover the assisted household's housing expenses.

Income without an explicit shelter component

When the household receives income from a provincial social assistance program that does not include a shelter component, the housing provider should complete the calculation in the same way as for households with employment income. Please see section 11.6 for examples.

Important:

When there is more than one occupant receiving social assistance in the same household, they are to be added together prior to adjusting the services.

Income from Social Assistance with a shelter component

The following calculations would be used for any household composition scenario where there is social assistance with a shelter component.

The housing provider must complete the following steps:

Step 1:
Calculate the RGI by multiplying the RGI level (25% to 30%) by the household's total gross monthly income.

Step 2:
Calculate the adjusted shelter component as follows:

- Identify the maximum shelter component for the social assistance program and specific benefit size of the household;
- Determine the appropriate allowance for services (other than heating and hot water) that the households are required to pay with that amount (adjusted shelter component);
- Calculate the adjusted shelter component by reducing the shelter component by an allowance for services (other than heating and hot water) that the households are required to pay with that amount. Allowable services that may be deducted are included in the Rental Assistance Calculation Worksheet and are based on the services that are included in the shelter component amount.

Step 3:
Select the highest amount between the calculations completed in Step 1 (RGI) and Step 2 (Adjusted Shelter Component).

Note: It is important that the housing provider confirms and applies the maximum amount of shelter component that the social assistance program provides for the specific number of individuals (benefit unit size) to ensure accurate calculations.

Please see section 11.5 for example calculations of incomes with shelter components.

Example:

Note: In this example, we will use a 30% RGI level for simplicity.

Elena lives alone and receives $785 from social assistance and this amount includes $375 as a maximum shelter component. In addition to the costs of electricity, heating and hot water, she has to cover the costs of insurance for her personal contents as well as the cost for the telephone line for the telephone entry system. Allowances for the costs of electricity, insurance and telephone based on the Rental Assistance Calculation Worksheet add up to $95.

The household share based on Elena's total social assistance and the RGI is **$785 x 30% = $235.50**.

Elena's adjusted shelter component is:
$375 - $95= $280.

The household share that will be used for the rest of the calculation is **$280** (the higher between $235.50 and $280).

Income from Social Assistance with a shelter component and additional income from other sources:

The following calculations would be used for any household composition scenario where there is social assistance with a shelter component plus additional household income from other sources.

The housing provider must complete the following steps:

Step 1:
Calculate the RGI by multiplying the RGI level (25% to 30%) by the household's total gross monthly income from all sources (net income from social assistance, plus other gross earnings).

Step 2:
Calculate the adjusted shelter component as follows:

- Identify the maximum shelter component for the social assistance program and specific benefit size of the household;

- Determine the appropriate allowance for services (other than heating and hot water) that the households are required to pay with that amount (adjusted shelter component);
- Calculate the adjusted shelter component by reducing the shelter component by the total allowances. Allowable services that may be deducted are included in the Rental Assistance Calculation Worksheet and are based on the services that are included in the shelter component amount.

Step 3:
Select the highest amount between the calculations completed in Step 1 (RGI) and Step 2 (Adjusted Shelter Component).

Examples:

Note: For the following examples, we will use a 30% RGI level for simplicity.

Example 1: Kayla lives alone and receives $785 from social assistance and this amount includes $375 as a maximum shelter component. In addition to the costs of electricity, heating and hot water, she has to cover the costs of insurance for her personal contents as well as the cost for the telephone line for the telephone entry system. Allowances for the costs of electricity, insurance and telephone based on the Rental Assistance Calculation Worksheet add up to $95. She also received $200 per month through a side job.

Step 1:
Calculate the total income: **$785 + $200 = $985**

Calculate the RGI: **$985 x 30% = $296**

Step 2:
Calculate the Adjusted Shelter component:

Kayla's total adjusted shelter component is:
$375 - $95= $280

Step 3:
Select the highest of total adjusted shelter component ($280) and Total RGI ($296): **$296**

The household share that will be used for the rest of the calculation is: **$296** (the higher between $296 and $280).

Example 2: Sandra and Kevin are a couple. Sandra receives $866 from social assistance and this amount includes $781 as a maximum shelter component. Kevin has a monthly gross employment of $2,044. Allowances for the costs of electricity, insurance and telephone line for the telephone entry system based on the Rental Assistance Calculation Worksheet add up to $95.

Step 1:
Calculate the total income: **$866 + $2,044 = $2,910**

Calculate the RGI: **$2,910 x 30% = $873**

Step 2:
Calculate the Adjusted Shelter component:

Sandra's total adjusted shelter component is:
$781 - $95 = $686

Step 3:
Select the highest of the total adjusted shelter component ($686) and Total RGI for Sandra and Kevin (recognizing Sadra as the occupant with shelter component) ($873): **$873**

The household share that will be used for the rest of the calculation is **$873** (the higher between $873 and $686).

11.6 Additional examples of rental assistance calculations

Additional examples that do not include social assistance are included below.

Note: For the following examples, the following basic information is used:

- Monthly gross household income: $1,600
- RGI level: 30%
- 2-bedroom apartment, rent of: $800
- Designated monthly cost for electricity: $17.43
- Designated monthly cost for heating: $53.12
- Designated monthly cost for hot water: $12.45

Example 1: Heating and hot water are included services in the occupancy agreement or lease. Electricity costs are paid by the household. Since the services included are the 2 services deemed to be part of the cost of rent for the purposes of calculating rental assistance, there is no adjustment to be made.
$1,600 × 30% = $480

In this example, the household's share is **$480**.

Example 2: Heating is included in the occupancy agreement or lease, but the costs of electricity and hot water are paid by the household. In this case, the costs related to hot water must be deducted from the RGI.
$1,600 × 30% = $480

The cost of hot water, which is $12.45, must be deducted.
$480 - $12.45 = $467.55

In this example, the household's share is **$467.55**.

Example 3: Electricity, heating and hot water services are included in the occupancy agreement or lease. In this case, only the electricity costs must be added to the RGI, since the other 2 services are those deemed to be part of the cost of rent for the purposes of calculating rental assistance.
$1,600 × 30% = $480

The cost of electricity, which is $17.43, must be added.
$480 + $17.43 = $497.43

In this example, the household's share is **$497.43**.

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